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20 *EXIDA.COM, LLC and JOHN CHRISTMAN*

21 **UNITED STATES DISTRICT COURT**

22 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

23 VBCONVERSIONS, LLC,
24 Plaintiff,

25 v.

26 EXIDA.COM, LLC and JOHN
27 CHRISTMAN,
28 Defendants.

EXIDA.COM, LLC and JOHN
CHRISTMAN,

Counterclaimants,

v.

VBCONVERSIONS, LLC, DAVID
A. CROOK, HITEK SOFTWARE,
LLC AND MELVIN DESILVA,

Counterdefendants.

CIVIL ACTION NO. 2:13-cv-08306-
PSG-JEMx
United States District Judge Philip S.
Gutierrez
Magistrate Judge John E. McDermott

**DEFENDANTS' MEMORANDUM IN
SUPPORT OF *EX PARTE*
APPLICATION PURSUANT TO
LOCAL RULE 7-19 TO COMPEL
PRODUCTION OF DOCUMENTS
FROM VBCONVERSIONS, LLC
AND HITEK SOFTWARE, LLC, TO
COMPEL HITEK SOFTWARE, LLC
AND MELVIN DESILVA TO
APPEAR FOR DEPOSITIONS AND
TO SHORTEN TIME REGARDING
MOTION TO COMPEL**

DISCOVERY CUT-OFF: April 14, 2015
MOTION CUT-OFF: April 28, 2015
TRIAL: July 21, 2015

¹ Admitted *Pro Hac Vice*.

1 **I. INTRODUCTION**

2 Exida.com, LLC and John Christman (collectively “Exida”) have been
 3 diligent, civil and reasonable in discovery matters, but unfortunately have been met
 4 with continued resistance by VBConversions, LLC (“VBC”), Hitek Software, LLC
 5 (“Hitek”) and Melvin Desilva (“Desilva”). The Discovery Period is scheduled to
 6 close on April 14, 2015 and Exida is still without crucial documents that VBC
 7 promised to produce in a “meet and confer”. VBC has now reneged on its promises
 8 made during the “meet and confer” and seeks to deprive Exida of critical
 9 documents to defend itself, such as the Copyright Applications and Deposit
 10 Materials that are the subject of this Software Copyright Infringement case. These
 11 are documents that VBC possesses, can readily and should willingly provide to
 12 Exida, since they are the foundation of VBC’s Copyright Infringement claim.

13 Exida sent a detailed Discovery Deficiency Letter on March 4, 2015
 14 identifying each issue with respect to each Request or Interrogatory, Exida’s
 15 position regarding each dispute and the proposed resolution to be obtained by
 16 agreement of the parties or by a discovery Order from this Court. *See* Exhibit “A,”
 17 to Declaration of Megan M. Kearney, Exida Discovery Deficiency Letter
 18 03/04/2015.² Local Rule 37-1. The parties met and conferred on March 9, 2015
 19 and VBC agreed to search for and produce certain additional documents to avoid
 20 Exida’s Motion to Compel. *See* Exhibit “B,” Email 03/11/2015. Despite this,
 21 VBC has still not produced the documents it agreed to search for and produce.
 22 Counsel for Exida diligently followed-up with VBC regarding the promised
 23 documents on March 18, 2015, March 19, 2015 and March 26, 2015. *See* Exhibits
 24 “C,” “D” and “E,” Emails of 03/18/2015, 03/19/2015 and 03/26/2015, respectively.
 25 Certain additional documents were then produced, but Counsel for VBC continued

26 _____
 27 ² All references to Exhibits herein are Exhibits attached to the Declaration of
 28 Megan M. Kearney.

1 to seek further “clarification” on what documents were outstanding, despite being
 2 provided with a ten-page Deficiency Letter. *See* Exhibits “F” and “G,” Emails of
 3 03/19/2015 and 03/21/2015.

4 It was not until March 30, 2015, after the deadline to comply with Local
 5 Rules 37-2 and 37-3 passed (March 24, 2015), that VBC made its final
 6 supplemental production of documents and served discovery responses that were
 7 amended for the fourth time. *See* Exhibit “H,” Email 03/30/2015 & Exhibit “I,”
 8 VBC’s Further Objections and Responses 03/30/2015. Neither the documents nor
 9 the amended responses fully addressed or honored the resolutions agreed to during
 10 the “meet and confer”. VBC was immediately notified of same. *See* Exhibit “J,”
 11 Email 04/01/2015. Due to the impending Discovery Deadline (April 14, 2015),
 12 Exida proceeded with the Deposition of David Crook (“Crook”) and the Fed. R.
 13 Civ. P. 30(b)(6) Deposition of VBC on April 6, 2015 and notified VBC that Exida
 14 reserved the right to re-depose him due to VBC’s failure to produce documents.
 15 *See* Exhibit “J.” Crook testified both individually and in his capacity as the
 16 Corporate Designee for VBC, but Exida did not have certain critical documents
 17 during that deposition that VBC previously agreed to produce. Moreover, Exida
 18 learned for the first time at Crook’s Deposition that certain additional responsive
 19 documents were not produced.

20 Counterclaim Defendants Hitek and Desilva have also resisted Exida’s
 21 discovery. Hitek has withheld basic categories of documents, such as
 22 correspondence with Counsel for VBC regarding this lawsuit on the strange basis of
 23 attorney-client privilege, even though Hitek is not represented by Counsel for VBC
 24 in this litigation. *See* Exhibit “K,” Hitek’s Objections and Responses 02/13/2015.

25 Hitek and Desilva are also refusing to be deposed. The depositions of Hitek
 26 and Desilva have been noticed twice for January 23, 2015 and March 19, 2015, and
 27 have been delayed because Exida did not receive meaningful responsive documents
 28 prior to the previously scheduled depositions. *See* Exhibits “L” & “M,” Notices of

1 Deposition for Hitek. A Detailed Discovery Deficiency Letter was sent to Hitek on
2 March 4, 2015, requesting a “meet and confer”. *See* Exhibit “N,” Hitek Discovery
3 Deficiency Letter 03/04/2015. No response was ever received.

4 When Hitek and Desilva were added as parties and obtained legal
5 representation, Exida repeatedly requested deposition dates on March 24, 2015 and
6 April 8, 2015. *See* Exhibit “O,” Email 03/24/2015 & Exhibit “P,” Email
7 04/08/2015. As a professional courtesy, Exida did not notice the depositions of
8 Hitek and Desilva while their Counsel was traveling with family from March 23,
9 2015 until April 5, 2015. Upon Counsel’s return, Exida promptly, again, requested
10 available dates for the deposition of Desilva and Hitek before the end of the
11 Discovery Period.

12 For the first time, yesterday, Hitek and Desilva took the position that they
13 will not make themselves available for deposition and will not produce the
14 outstanding documents. *See* Exhibit “Q,” Email 04/09/2015. Hitek and Desilva
15 have ignored repeated requests to “meet and confer”, rendering it impossible for
16 Exida to comply with the Local Rules regarding pre-filing conferences, or to follow
17 the procedure set forth in Local Rule 37 in a timely fashion.

18 Exida’s efforts to extend professional courtesy in scheduling the depositions
19 of Hitek and Desilva have been repaid with gamesmanship. Exida even offered to
20 take these depositions a couple of days outside the Discovery Deadline to be
21 accommodating. *See* Exhibit “P.” This offer was rejected and Hitek and Desilva
22 have taken the position that this discovery dispute is somehow a result of Exida’s
23 lack of diligence. The inability to take the deposition of Counterclaim Defendants
24 Hitek and Desilva severely prejudices Exida’s ability to defend itself. Exida
25 recently unequivocally discovered - at the deposition of Crook on April 6, 2015 -
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27
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1 that Hitek and/or Desilva contributed source code to the software at issue and are,
2 therefore, indispensable parties to this litigation.³

3 VBC, Hitek and Desilva have engaged in a pattern of attempting to deny
4 Exida basic discovery and prevent the depositions in this lawsuit because five (5) of
5 six (6) VBC claims of Software Copyright Infringement are barred by the Statute of
6 Limitations and all will fail for a myriad of other reasons. While Counsel for Exida
7 is loath to burden this Court with *Ex Parte* practice, it has worked diligently,
8 reasonably and professionally during the Discovery Period to obtain simple
9 discovery and depositions but has been unable to secure timely cooperation. VBC,
10 Hitek and Desilva have created these exigent circumstances in depriving Exida of
11 discovery necessary to defend itself in this lawsuit with just days left in the
12 discovery period. Exida will suffer extreme prejudice by being denied critical
13 evidence for its defense and Counterclaims.

14 **II. OUTSTANDING DISCOVERY DISPUTES**

15 **A. Outstanding Discovery from VBC**

16 Exida respectfully requests that this Court Compel VBC to search for and
17 produce the outstanding documents it agreed to produce during its “meet and
18 confer” of March 9, 2015 and shorten the amount of time typically required by
19 Local Rule 37.

20 1. **Request No. 9** – Exida requests a complete copy of the
21 copyright applications, deposit materials and copyright registrations for any version
22 of the software at issue in this litigation and any communications with the United
23 States Copyright Office regarding same. *See* Exhibit “I.” VBC has only produced
24 Certificates of Registration. Despite VBC’s promise to search for and produce the

25 ³ Exida could not add Hitek and Desilva without a reasonable factual basis
26 for doing so. VBC changed its written discovery responses on numerous occasions
27 identifying each and every individual who contributed source code to the software
28 at issue. Any delay in adding Hitek and Desilva as Counterclaim Defendants was
caused by VBC’s ever-shifting version of the facts.

1 remaining responsive documents requested, VBC has not produced copyright
 2 applications, deposit materials or communications with the United States Copyright
 3 Office. Crook testified that he has not searched for these documents, but that it
 4 would not be burdensome to do so. These documents go to the heart of this
 5 litigation and Exida cannot properly defend without them.⁴

6 2. **Request No. 16** - Exida has requested documents related to
 7 complaints concerning the functionality of the software at issue, including
 8 complaints that the software does not convert source code, as claimed. *See* Exhibit
 9 “I.” Although VBC agreed to search for and produce complaints, none have been
 10 produced. On March 30, 2015, VBC lodged an untimely and improper objection
 11 that searching for these complaints would be burdensome, oppressive and not lead
 12 to the discovery of admissible evidence. *See* Exhibit “I.” This Request seeks
 13 documents directly related to Exida’s Counterclaims for a Declaratory Judgment
 14 invalidating VBC’s copyright registrations because VBC has registered as a
 15 “computer program” source code that does not function. VBC is run solely by
 16 Crook and all responsive complaints are admittedly contained in his email inbox. It
 17 is not burdensome to ask one custodian to search one email inbox for responsive
 18 documents.

19 3. **Request Nos. 33-34** – Exida requests non-privileged
 20 communications regarding this lawsuit and Defendants. *See* Exhibit “I.” VBC has
 21 withheld communications between Counsel for VBC and Hitek on the basis of
 22 attorney-client privilege and on the basis that it “may” retain Desilva for purposes
 23 of trial preparation. Fed. R. Civ. P. 26(b)(4)(D).⁵ *See* Exhibit “R,” VBC Privilege

24 ⁴ Counsel for Exida did make inquiries into whether it could obtain such
 25 documents from the United States Copyright Office, but an expedited request can
 26 take as long as 6 weeks and Exida would be required to pay \$300 per document,
 27 which is burdensome and expensive, especially if the Plaintiff, VBC, has copies in
 28 its records.

⁵ “Ordinarily, a party may not, by interrogatories or deposition, discover facts
 known or opinions held by an expert who has been retained or specially employed

Log. VBC's attorney-client privilege claim is inappropriate because Counsel for VBC never represented Hitek or Desilva in this action. Additionally, Hitek and Melvin Desilva are parties and fact witnesses. Desilva has not been retained as an expert and will be called as a fact witness at Trial. These objections are improper and responsive communications must be produced.

4. **Additional Responsive Documents Identified at Crook's Deposition on April 6, 2015**

Exida learned, for the first time at Crook's Deposition on April 6, 2015, that certain additional responsive documents were not produced by VBC. The following responsive documents have not been produced and Crook testified that he could and would produce them without any undue burden:

a. VBC's LLC Operating Agreement – Responsive to Request No. 1. *See* Exhibit "S," VBC's Second Amended Objections and Responses;

b. Documents evidencing the three (3) customers that VBC contends were issued legitimate unlock codes for the software, which were allegedly used by Defendants to access the software – Responsive to Request No. 26. *See* Exhibit "T," VBC's Amended Objections and Responses;

c. The records relating to the five (5) unlock codes beginning with the letter "P" that were the subject of five (5) other copyright litigations initiated by VBC – Responsive to Request No. 44. *See* Exhibit "S";

d. VBC's Tracking Software Logs in native format for the six (6) dates of Alleged Infringement – Responsive to Request Nos. 42 & 36. *See* Exhibits "S" and "T";

by another party in anticipation of litigation or to prepare for trial and who is not expected to be called as a witness at trial." Fed. R. Civ. P. 26(b)(4)(D).

e. VBC's "Proofs" marked as VBC_011600-VBC_011606 and VBC_011607- VBC_011625 in native format with accompanying metadata – Responsive to Request No. 19. *See* Exhibit "S";

f. VBC's list of legitimate unlock codes – Responsive to Request Nos. 26 & 44 (prior to the last date of alleged infringement). *See* Exhibits "S" and "T";

g. VBC's customer list as of the six (6) dates of alleged infringement – Responsive to Request No. 44. *See* Exhibit "S";

h. Additional agreements between VBC and Hitek - Responsive to Request No. 32. *See* Exhibit "T";

i. Records reflecting any other uses of the unlock codes that were allegedly used by Defendants – Responsive to Request No. 44. *See* Exhibit "S";

j. Documents demonstrating payments to Hitek – Responsive to Request No. 32. *See* Exhibit "T";

Exida respectfully requests that this Court order VBC to produce all outstanding discovery within six (6) days of its Order. Exida further requests that this Court modify the Scheduling Order currently in place to extend the discovery period by thirty (30) days for the purpose of allowing Exida to re-depose Crook regarding any additional documents produced after the close of discovery. Exida further requests that this Court modify the Scheduling Order currently in place, to the extent it deems appropriate.

B. Improperly Prepared Fed. R. Civ. P. 30(b)(6) Designee

VBC's designee, David Crook, was not properly prepared to address certain deposition topics, despite receiving a Notice of Deposition setting forth the topics with reasonable particularity, as required by Fed. R. Civ. P. 30(b)(6). *See* Exhibit "U," Notice of Deposition for VBC. VBC did not serve any Objections to the Notice of Deposition for VBC. In fact, VBC served a Notice identifying Crook as

1 the Corporate Designee for all topics. In further support of Exida's request to re-
 2 depose the VBC Corporate Designee, Exida submits that Crook was not adequately
 3 prepared to testify on the following properly noticed topics:

4 1. **Topic 27** - The litigations and demand letters from 2004 to the
 5 present in which VBC and/or David Crook were named Plaintiffs or Defendants
 6 relating to any version of the Software, allegations of Copyright Infringement
 7 and/or Declaratory Actions regarding the Software or any allegations of Copyright
 8 Infringement, including but not limited to the five (5) lawsuits involving an unlock
 9 code beginning with the letter "P."

10 2. **Topic 11** - The alleged acts of infringement by Exida and/or
 11 John Christman, including but not limited to the legitimate unlock codes allegedly
 12 used by Defendants, the customers associated with same, and what actions were
 13 taken by Crook and/or Desilva to ascertain or discover Defendants' alleged acts of
 14 infringement.

15 3. **Topic 13** - VBC's alleged damages, including but not limited to
 16 VBC's claim for attorneys' fees and costs made in VBC's Fourth Amended
 17 Complaint. *See* Dkt. No. 103, p. 21.

18 Exida respectfully requests that it be permitted to re-depose VBC's Corporate
 19 Designee, David Crook or someone else properly prepared to testify,⁶ on the topics
 20 listed above. Exida further requests that this Court modify the Scheduling Order
 21 currently in place to extend the discovery period by thirty (30) days for the purpose
 22 of allowing Exida to re-depose VBC's corporate designee regarding the topics
 23 listed above. Exida further requests that this Court modify the Scheduling Order
 24 currently in place, to the extent it deems appropriate.

25
 26 ⁶ If it appears at the deposition that the witness designated by the corporation
 27 is unable to answer questions on matters specified in the deposition notice, a
 28 corporate party must immediately designate a new witness. *Market v. Union*
Fidelity Life Ins. Co., 125 F.R.D. 121, 126 (M.D.N.C. 1989).

1 **C. Outstanding Discovery from Hitek and Desilva**

2 Exida respectfully requests that this Court Compel Hitek and Desilva to
3 search for and produce the outstanding documents and participate in depositions
4 within the discovery period.

5 1. **Responsive Documents Not Produced**

6 a. **Request No. 2-** Exida requests all agreements between Hitek
7 and VBC and all payments made by VBC to Hitek. Crook indicated in his recent
8 deposition that there may be more agreements between these parties in his
9 deposition. Those additional agreements were not produced by Hitek, nor were any
10 payments.

11 b. **Request Nos. 4-5** – Exida requests communications between
12 Hitek and any other individual including Counsel for VBC, regarding the
13 Defendants and any claims made in this lawsuit. For the reasons stated in Section
14 II. A(3) above, Exida is entitled to these communications and no privilege attaches
15 to these communications. Additionally, Hitek has not provided a privilege log.

16 c. **Request Nos. 12 & 13** – Exida requests Hitek’s “Proofs”
17 marked as Hitek_011781- Hitek_011799 & Hitek_011800- Hitek_011808, in native
18 format with accompanying metadata. Given Exida’s statute of limitations defense
19 to the claims of infringement, the creation date of these documents is paramount.

20 2. **Depositions of Desilva and Hitek**

21 Exida has diligently tried to schedule the deposition of Hitek and Desilva on
22 several occasions. Without adequate documentation, it rendered the depositions
23 meaningless. Exida still does not have proper documentation and respectfully
24 requests that this Court order the responsive documents be produced within six (6)
25 days of this Court’s Order. Exida further requests that this Court modify the
26 Scheduling Order currently in place to extend the discovery period by thirty (30)
27 days for the purpose of allowing Exida to depose Hitek and Desilva. Exida further
28

1 requests that this Court modify the Scheduling Order currently in place, to the
2 extent it deems appropriate.

3 **V. CONCLUSION**

4 For the foregoing reasons, Exida respectfully requests that this Court Order
5 the discovery set forth above. Counsel for VBC, Hitek, Crook and Desilva were
6 informed both orally and in writing via electronic mail on April 8 & 9, 2015 that
7 this *Ex Parte* Application would be filed, as required by Local Rule 7-19, and they
8 will oppose it.

9
10 Dated: April 10, 2015

PEPPER HAMILTON LLP
/s/ M. Kelly Tillery, Esquire
M. Kelly Tillery, Esquire
Attorney for Defendants/Counterclaim
Plaintiffs, Exida.com, LLC and John
Christman

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Defendants' *Ex Parte* Application to Compel was served April 10, 2015 via the ECF Filing System and electronic mail upon:

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